



# **Governor's Traffic Congestion Relief Plan Issues to Consider**

Presented To  
Conference Committee on Transportation  
Infrastructure Finance and Development

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# Governor's Traffic Congestion Relief Plan

## I. Overview

- Key Features ..... 2
- Distribution of Capital and Planning Funds by Mode ..... 3
- Distribution of Capital and Planning Funds by Region ..... 5
- Regional Comparison of Fund Distribution by Mode ..... 7
- Distribution of Funds in Various Regions ..... 8
- State Share of Project Costs ..... 9
- Length of Time to Project Construction Varies ..... 11
- Comparison of County Distribution and STIP Formula ..... 13
- Comparison of County Distribution by Region Relative to Formula ..... 16

## II. Issues for Legislative Consideration

- Issues for Legislative Consideration ..... 17
- Issue: Need for Ongoing Fund Source ..... 18
- Issue: Plan Inconsistent With Current Decision-Making Process ..... 20
- Issue: Equity in Fund Distribution ..... 22
- Issue: Local Match Requirement ..... 24
- Issue: Flexibility in Use of Funds ..... 26
- Issue: Project Delivery ..... 27
- Issue: Ongoing Costs Associated With Plan Projects ..... 29
- Issue: Coordination With Air Quality Proposals ..... 31
- Issue: State Oversight ..... 33
- Summary of Recommendations ..... 35



## Overview

### Key Features

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#### A \$5.3 Billion Five-Year Proposal

- Plan proposes to allocate \$5.3 billion to transportation state-wide, including:
  - \$1.5 billion in one-time General Fund (GF) money in 2000-01.
  - \$440 million annually from sales tax revenues (GF) for five years, from 2000-01 through 2004-05 (for a total of \$2.2 billion).
  - A total of \$1.6 billion (GF) from 2001-02 through 2004-05.
- About \$4.8 billion, or 91 percent, is proposed for specific capital improvement or planning projects in the state's urban regions—San Francisco Bay Area, Central Valley, Los Angeles Region, and San Diego.
- \$500 million is reserved for maintenance of state highways, and local streets and roads.

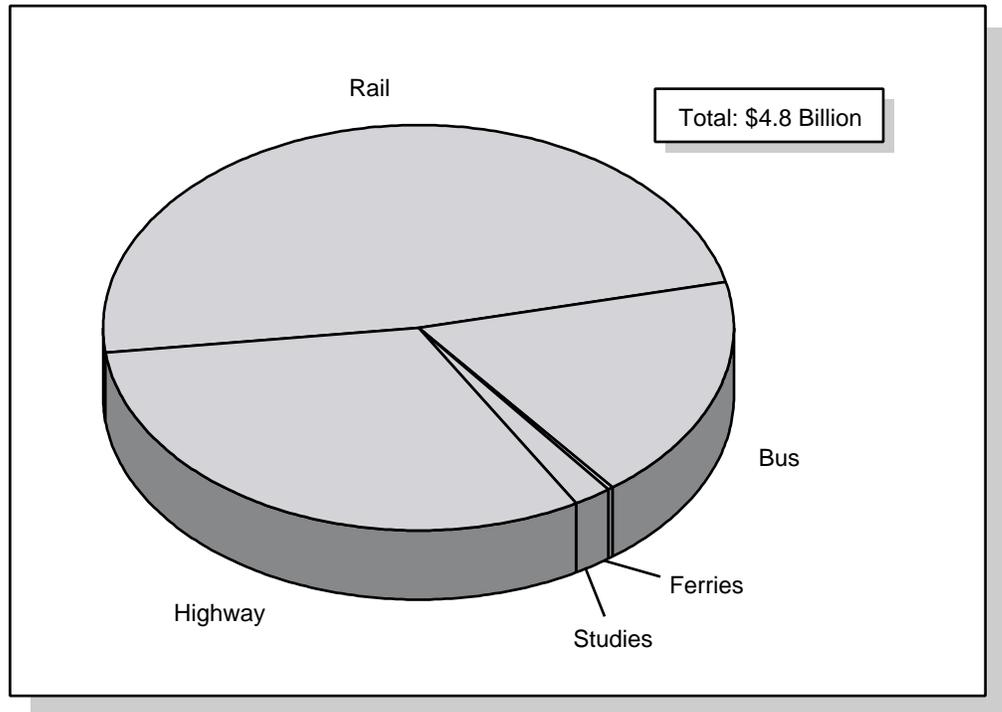


#### Criteria for Project Selection

- The administration advised that three primary criteria were used to select projects for the plan:
  - **Congestion Relief**—projects that relieve traffic congestion, primarily in urban areas.
  - **Transportation Connectivity**—projects that enhance connectivity between local streets and state highways, between highways, and between modes of mass transportation.
  - **Goods Movement**—projects that improve the movement of commercial goods along highways and rail tracks.



## Overview Distribution of Capital and Planning Funds By Mode



Proposed funds (\$4.8 billion) for transportation capital improvement and planning projects would be distributed as follows:

- **Rail**—about \$2.3 billion, or 49 percent of capital and planning funds—these funds are for intercity rail, commuter, and urban (light) rail projects.
- **Highway**—about \$1.5 billion, or 31 percent, of these funds are for highway improvement projects statewide.
- **Bus**—\$866 million, or about 18 percent, is proposed for bus projects.
- **Studies**—\$88 million, about 2 percent of the funds are for project planning studies.
- **Ferry**—\$22 million, about 0.5 percent of total capital and planning funds, are proposed for ferry transportation projects.



## Overview

# Distribution of Capital and Planning Funds

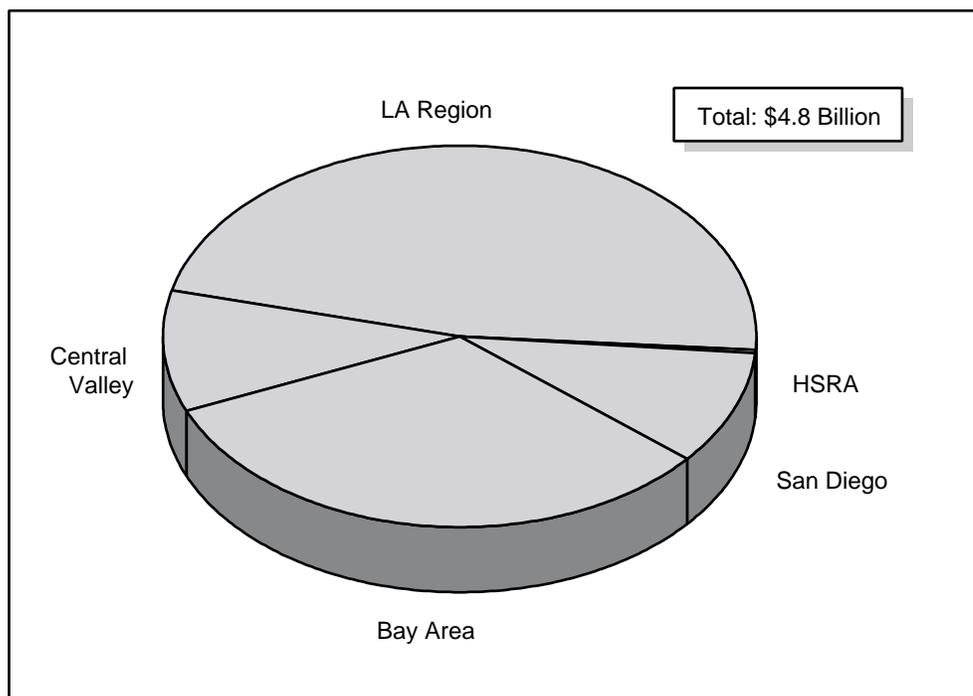
### By Mode (Continued)

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- Focus on Mass Transportation.*** The large majority of capital and planning funds—about \$3.2 billion, or 68 percent—are targeted at enhancing the state’s mass transportation system (including rail, bus, and ferries).



## Overview Distribution of Capital and Planning Funds By Region



### Funds Distributed Mainly to Four Regions

- **Los Angeles Region:** The largest share of funds, about \$2.3 billion or 47 percent of proposed funding. Counties with funded projects include: Los Angeles, Ventura, Orange, Riverside, and San Bernardino.
- **San Francisco Bay Area:** \$1.6 billion, or 33 percent of proposed funding. Counties with funded projects include: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma.
- **Central Valley:** \$493 million, or 10 percent of proposed funding. Counties with funded projects include: Fresno, Kern, Kings, Merced, Sacramento, San Joaquin, Santa Barbara, Stanislaus, Tulare, and Yolo.



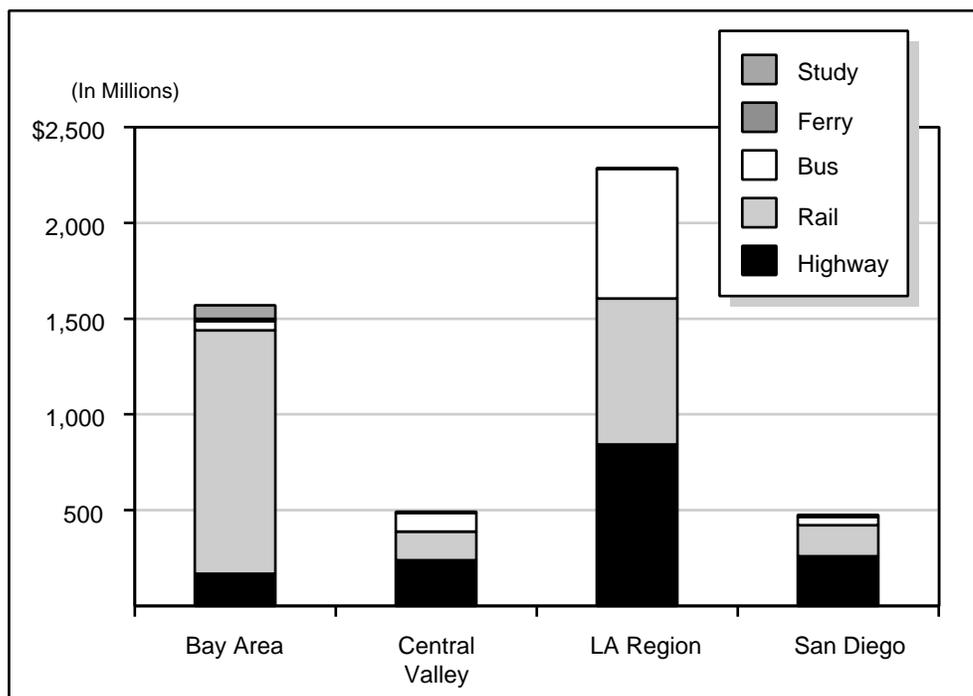
## Overview Distribution of Capital and Planning Funds By Region (Continued)

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- **San Diego County:** \$476 million, about 10 percent of proposed funding.
- **High-Speed Rail Authority (HSRA):** \$5 million to continue project planning work for a high-speed rail system.



## Overview Regional Comparison of Fund Distribution By Mode

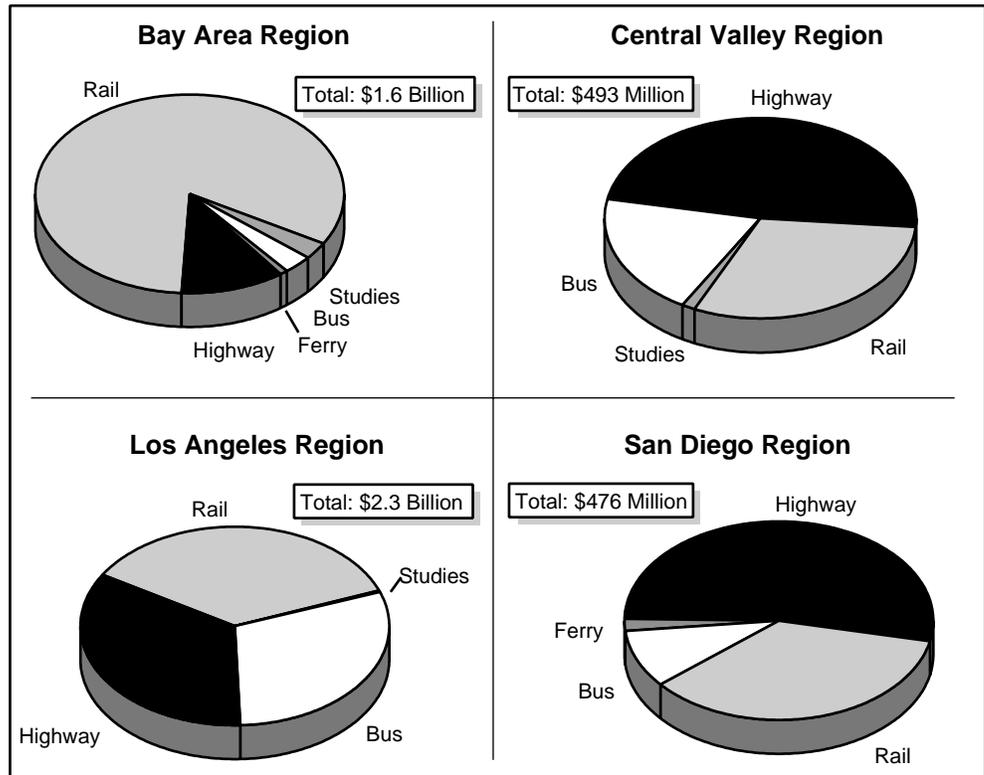


- ✓ While highway, rail, and bus projects received roughly equal amounts in the Los Angeles region, rail received the vast majority of funds in the Bay Area.
- ✓ Highway projects received over one-third of funds in the Central Valley and San Diego regions.



# Overview

## Distribution of Funds in Various Regions



**Regional Distribution of Funds Varies Greatly.** How the funds for projects are distributed by mode in the four regions varies widely. For example:

- In the Bay Area, about 80 percent of this region’s capital funds are for rail-related projects. By contrast, in the remaining three regions, roughly a third of all funds for capital projects are for rail.
- The San Diego region has the highest proportion of its capital funds going for highway projects, about 55 percent. In the Bay Area, however, only 11 percent of its funds are for highway improvements.



## Overview State Share of Project Costs

### By Region (Dollars in Millions)

	Bay Area	Central Valley	LA Region	San Diego	Total
State share	\$1,570	\$493	\$2,286	\$476	\$4,825
Total cost	6,034	1,629	7,364	1,638	16,665
Proportion of state share	26%	30%	31%	29%	29%

### By Mode (Dollars in Millions)

	Bus	Ferry	Highway	Rail	Study
State share	\$866	\$22	\$1,510	\$2,344	\$83
Total cost	1,262	25	5,938	9,355	86
Proportion of state share	69%	88%	25%	25%	97%



#### Plan Covers About 29 percent of Total Project Costs

- In aggregate, the four regions received roughly the same proportion of state contribution for their projects, ranging from 26 percent of total project costs in the Bay Area to 31 percent in the Los Angeles region.
- For ferry projects or transportation studies, the plan proposes to fund a substantial share of the estimated costs of the projects. This is also true for bus projects, where state-wide, about 69 percent of the total estimated costs would be state-funded.
- For highway and rail projects, the plan would provide about 25 percent of total estimated project costs statewide.



## Overview State Share of Project Costs (Continued)

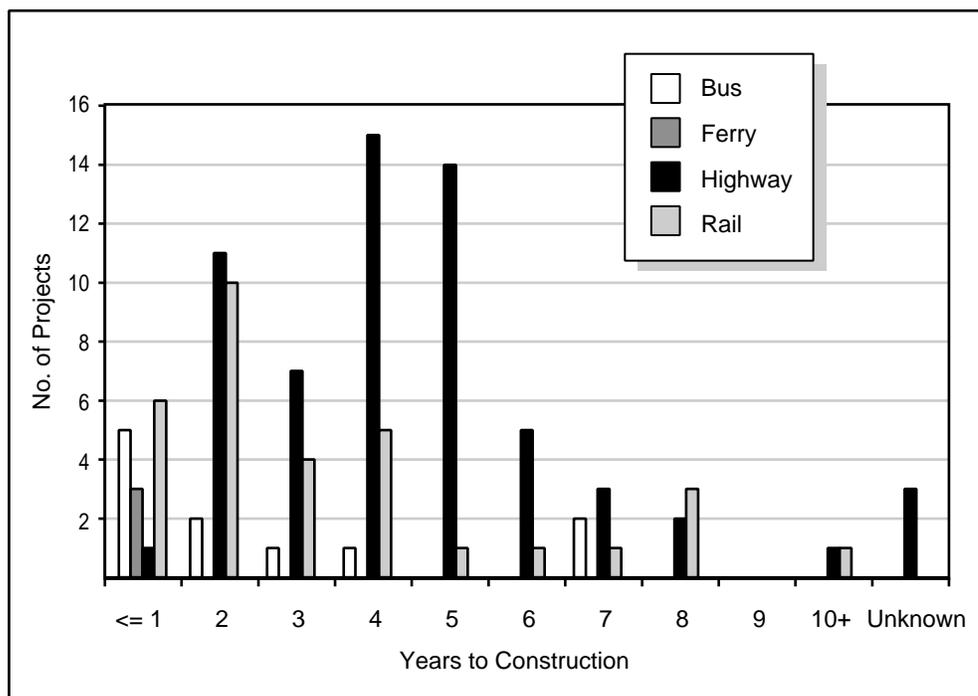
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- Plan Commits State Funds Regardless of Availability of Local Match**
  - The plan earmarks state funds for specific projects without any assurance that local or federal funds will be available for matching .



## Overview

### Length of Time to Project Construction Varies



- The chart depicts the administration's estimate of when projects will begin construction once full funding has been secured.
- Large construction projects, including highways and rail, require lengthy planning and environmental review before construction; purchase and delivery of rollingstock (trains and buses) will take less time.
  - The majority of *highway* projects will not begin construction for four or five years. It will take an additional one to two years for construction to be complete.
  - All of the *ferry* projects can begin construction or take delivery of vessels approximately one year after funding is provided.



## Overview Length of Time to Project Construction Varies (Continued)

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- Most of the *bus* projects can begin construction or take delivery of vehicles in two years or less.
  - The majority of *rail* projects can begin construction or take delivery of trains in about four years or less after funding is allocated.
- Based on past experience regarding the development and environmental review of large construction projects, the plan's estimates are optimistic.



# Overview

## Comparison of County Distribution of Funds and STIP County Formula

(Dollars in Millions)

	Governor's Plan	STIP Formula <sup>a</sup>	Difference	Percent Difference
<b>County-Specific Projects</b>				
<b>Alameda<sup>b</sup></b>	\$30	\$178	-\$148	N/A
Alpine	0	5	-5	-100%
Amador	0	11	-11	-100
Butte	0	34	-34	-100
Calaveras	0	13	-13	-100
Colusa	0	9	-9	-100
<b>Contra Costa<sup>b</sup></b>	25	111	-86	N/A
Del Norte	0	8	-8	-100
El Dorado	0	26	-26	-100
Fresno	108	117	-9	-8
Glenn	0	10	-10	-100
Humboldt	0	35	-35	-100
Imperial	0	55	-55	-100
Inyo	0	46	-46	-100
Kern	42	154	-112	-73
<b>Kings<sup>b</sup></b>	12	22	-11	N/A
Lake	0	14	-14	-100
Lassen	0	21	-21	-100
Los Angeles	1,746	1,128	619	55
Madera	0	19	-19	-100
Marin <sup>b</sup>	15	37	-22	-59
Mariposa	0	7	-7	-100
Mendocino	0	33	-33	-100
Merced	33	38	-5	-13
Modoc	0	12	-12	-100
Mono	0	34	-34	-100
Monterey	0	63	-63	-100
Napa	0	21	-21	-100
Nevada	0	18	-18	-100
Orange	238	307	-69	-23

*Continued*



# Overview

## Comparison of County Distribution of Funds and STIP County Formula (Continued)

	Governor's Plan	STIP Formula <sup>a</sup>	Difference	Percent Difference
Placer	0	32	-32	-100
Plumas	0	13	-13	-100
<b>Riverside<sup>b</sup></b>	115	210	-95	N/A
<b>Sacramento<sup>b</sup></b>	170	148	22	N/A
San Benito	0	11	-11	-100
<b>San Bernardino<sup>b</sup></b>	76	291	-215	N/A
San Diego	476	354	122	35
<b>San Francisco<sup>b</sup></b>	164	96	68	N/A
<b>San Joaquin<sup>b</sup></b>	35	78	-43	N/A
San Luis Obispo	0	63	-63	-100
San Mateo	17	97	-80	-82
Santa Barbara	1	75	-73	-98
<b>Santa Clara<sup>b</sup></b>	95	209	-114	N/A
Santa Cruz	23	37	-14	-38
Shasta	0	37	-37	-100
Sierra	0	6	-6	-100
Siskiyou	0	26	-26	-100
Solano	23	53	-30	-57
<b>Sonoma<sup>b</sup></b>	0	65	-65	N/A
<b>Stanislaus<sup>b</sup></b>	9	59	-50	N/A
Sutter	0	13	-13	-100
Tehama	0	18	-18	-100
Trinity	0	13	-13	-100
<b>Tulare<sup>b</sup></b>	0	73	-73	N/A
Tuolumne	0	15	-15	-100
Ventura	15	106	-91	-86
<b>Yolo<sup>b</sup></b>	0	29	-29	N/A
Yuba	0	11	-11	-100
<b>Subtotals</b>	<b>\$3,468</b>	<b>\$4,825</b>		

*Continued*



# Overview

## Comparison of County Distribution of Funds and STIP County Formula (Continued)

	Governor's Plan	STIP Formula <sup>a</sup>	Difference	Percent Difference
<b>Multicounty Projects</b>				
Alameda/Contra Costa	\$39	—	—	—
Alameda/Santa Clara	815	—	—	—
Bay Area	280	—	—	—
Central Valley	45	—	—	—
San Bernardino /Riverside	95	—	—	—
Kings/Tulare	14	—	—	—
Marin/Sonoma	47	—	—	—
Sacramento/Yolo	19	—	—	—
Stanislaus/San Joaquin	2	—	—	—
<b>Subtotals<sup>c</sup></b>	<b>\$4,825</b>	<b>\$4,825</b>		
<b>Statewide maintenance</b>	<b>505</b>	<b>505</b>		
<b>Totals</b>	<b>\$5,330</b>	<b>\$5,330</b>		
<sup>a</sup> Values in this column are based on percentage of \$4,825 million that each county would receive under the standard STIP county share distribution formula based 75 percent on population, and 25 percent on lane miles. <sup>b</sup> Indicates a county which received joint funding with another county. <sup>c</sup> Figures may not sum due to rounding. N/A: Not applicable due to funding from multicounty projects.				

- The plan provides funding for projects in 25 counties.
- The remaining 33 counties—would not receive any project-specific funds.
- While the top portion of the chart depicts many counties as receiving less than their proportionate share under the STIP formula, funding for multicounty projects should also be considered when evaluating how much a county benefits from the plan. For instance, some counties (such as Alameda and Santa Clara) receive substantially more than their proportionate STIP share when multicounty funding is included.



# Overview

## Comparison of County Distribution By Region Relative to Formula

(Dollars in Millions)

Project-Specific Funds	Governor's Plan	STIP Amount	Difference	Percent Difference
Bay Area	\$1,573	\$883	\$690	78%
Central Valley	490	792	-302	-38
San Diego	476	354	122	34
Los Angeles region	2,286	2,042	243	12
<b>Totals</b>	<b>\$4,825</b>	<b>\$4,071</b>		



### Regions Defined in Governor's Plan:

- **Bay Area:** Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma Counties.
- **Central Valley:** Fresno, Kern, Kings, Madera, Merced, San Joaquin, Santa Barbara, Stanislaus, and Tulare Counties.
- **Los Angeles Region:** Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.
- **San Diego:** San Diego County.



Bay Area counties funded in the plan received almost 80 percent more than their proportionate STIP share, while Central Valley counties received over one-third less than their proportionate share.



San Diego County and the Los Angeles region received more than their proportionate STIP share.



## Issues for Legislative Consideration

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- ☑ ***Details for Most of Governor’s Plan Still Unknown.*** At the time this analysis was prepared, many of the details for the transportation plan were still undefined. Specifically, it is not clear: how the plan is to be implemented, how the projects are to be fully financed, and how the state will oversee project financing and construction.
  
- ☑ ***Legislature Should Consider Numerous Issues When Evaluating Governor’s Plan.*** We have identified the following issues for the Legislature to consider.

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|--|
| <ol style="list-style-type: none"><li>1. Need for ongoing funding</li><li>2. Inconsistency with STIP process</li><li>3. Equity in fund distribution</li><li>4. Local match requirements</li><li>5. Flexibility in use of funds</li><li>6. Project readiness/delivery</li><li>7. Ongoing costs associated with plan projects</li><li>8. Coordination with air quality programs</li><li>9. State oversight</li></ol> |
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- ☑ For some of the issues, we offer recommendations that the Legislature should consider to improve the plan.



## Legislative Consideration

### Issue: Need for Ongoing Fund Source

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#### Plan Provides One-Time Funding; Not Enough to Address Ongoing Needs

- **State Faces Significant Funding Needs.** The current level of state, local, and federal funds for transportation falls substantially short of what is needed to ensure mobility and facilitate goods movement over the next decade. According to the *Inventory of Ten-Year Funding Needs for California's Transportation Systems*, prepared by the California Transportation Commission (CTC) pursuant to Senate Resolution 8 (Burton, 1999), California's total ten-year funding shortfall for transportation exceeds \$100 billion.
- **Governor's Plan Provides Less Than 5 Percent of Ten-Year Unfunded Needs.** The proposed \$5.3 billion is less than 5 percent of the ten-year unfunded need identified in the SR 8 assessment.
- **Funds for Deferred Maintenance Only a Down Payment for Significant Backlog.** The plan includes \$100 million for state highway and \$400 million for local road deferred maintenance. These amounts will not significantly address the ten-year unfunded state highway and bridge rehabilitation needs, estimated at \$5.5 billion, nor the \$10.5 billion backlog of local street and road maintenance identified in the SR 8 report.
- **Ongoing Needs Not Addressed.** The plan focuses on funding capital projects. It does not address ongoing needs beyond capital improvements, including maintenance, rehabilitation, as well as transit operating costs.



## Legislative Consideration Issue: Need for Ongoing Fund Source

(Continued)

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**Recommendation.** We recommend the Legislature provide an additional ongoing fund source:

- First to sufficiently meet the state's ongoing maintenance needs in order to avoid accumulation of deferred maintenance.
- If additional resources are available, to build, operate, and maintain *new* capacity—whether in the form of highway improvements or new transit service.



## Legislative Consideration Issue: Plan Inconsistent With Current Decision-Making Process

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### **Project-Specific Budgeting Inconsistent With Current Process**

- The current State Transportation Improvement Program (STIP) process is designed to ensure that state and federal transportation funds are allocated in an equitable, effective manner, consistent with state and regional transportation goals and priorities.
- The STIP process delegates decision-making about specific projects to Caltrans and regional transportation planning agencies (RTPAs), with oversight provided by the California Transportation Commission (CTC). Specifically, regions and local governments have control over the allocation of 75 percent of STIP funds for regional transportation projects.
- The Governor's plan is inconsistent with this process. It designates funding for projects *prior* to an evaluation of how well projects would meet stated goals.



### **Plan Reduces Regional Control of Transportation Funds**

- Although the Governor's plan was established in consultation with local officials and RTPAs, we found that a number of projects are *not* considered a top priority by local transportation officials.
- The plan restricts funds to specified projects regardless of whether (1) they represent the regions' highest priority and (2) matching funds are available.



## Legislative Consideration Issue: Plan Inconsistent With Current Decision-Making Process (Continued)

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**Recommendation:** We recommend that the Legislature determine its goals for additional funds for transportation in 2000-01.

- To the extent that these goals are broad in nature and the Legislature seeks to fund the highest local priorities, we recommend that funds be allocated consistent with the STIP process. This will ensure that all counties benefit from additional funds for transportation and that funds are allocated in a manner consistent with local and regional top priorities.
- To the extent that the goals are more narrow (such as congestion relief only), we recommend the enactment of legislation to establish (1) an application process which would require that project sponsors apply to the CTC for funding, and (2) project evaluation criteria that CTC would use to assess projects for funding. Projects would then be evaluated according to their ability to achieve the stated goals in a cost-effective and timely manner.



## Legislative Consideration

### Issue: Equity in Fund Distribution

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#### Plan Does Not Follow Statutory Distribution of Transportation Funds

- Funds in the plan are *not* distributed using the current statutory formula which provides that each city and county receive a share of transportation revenues. Rather, the plan allocates \$4.8 billion to specific projects among 25 counties.
- Thirty-three counties will receive no funding for projects. If the standard STIP formula were used to distribute the funds, these counties would have received approximately 16 percent, or about \$754 million of the total \$4.8 billion.
- Only \$500 million for deferred maintenance will be distributed statewide. It is not clear how these funds will be distributed—for instance, whether the current statutory formula that distributes state gas tax revenues to local governments would be used.



#### Lack of Objective Criteria in Fund Allocation and Project Selection

- The Governor’s targeting of funds to selected areas (as opposed to formula-based distribution) might be an appropriate way to address specific problems or to achieve particular goals. However, we found that projects were selected for funding without objective criteria that demonstrate that the project would meet the intended goals in a cost-effective or timely manner.
  - **Example:** While Sacramento County received more than its share of funds (compared to under the STIP formula), San Bernardino County, which has much higher congestion levels, received substantially less than its proportionate share of funds.



## Legislative Consideration

### Issue: Equity in Fund Distribution (Continued)

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- **Example:** The \$550 million Alameda Corridor East grade separation project is proposed to facilitate goods movement. However, according to railroad officials, the project will do little to speed up goods movement in the area.
- **Example:** While the BART extension to San Jose is intended to provide congestion relief, several other projects exist in the region that could be delivered faster and move more people at substantially lower cost.



## Legislative Consideration Issue: Local Match Requirement

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### **Lack of Local Matching Funds May Crowd Out Other Top Priority Projects and Cause Project Delays**

- ***Plan Provides About 29 Percent of Total Costs of Projects.*** The plan provides \$4.8 billion to fund over 100 specific projects. In aggregate, this amount only funds 29 percent of the total estimated project costs (\$16.5 billion). It is not clear how the remaining 71 percent, or \$11.7 billion, will be funded.
- ***Locals May Redirect Funds to Meet Match Requirement.*** Local agencies may have to reevaluate their priorities and potentially abandon other planned, high priority projects in order to provide the matching funds for the plan. This could delay the delivery of other transportation improvements.



### **Most Local Optional Sales Tax Revenues Are Committed to Other Projects**

- One potential source of matching funds—optional sales taxes—is largely committed to other projects. In many cases, projects to be funded by these revenues were directly approved by the voters.
- In 1995, the State Supreme Court ruled that passage of such taxes required two-thirds vote; consequently, extension of existing measures will also require approval by two-thirds of local voters.



## Legislative Consideration Issue: Local Match Requirement (Continued)

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### STIP Funds Fall Short of Match in Near Term

- **State Transportation Funding.** Caltrans estimates that about \$1.4 billion is available between 2000-01 and 2003-04 for new projects. Some portion of the \$1.4 billion will be needed to complete future phases of projects that are already in the pipeline (including voter-approved projects). Remaining amounts may be used for local match.
- **Federal Funds to Local Agencies.** Some regions use a large share of these moneys (including the Regional Surface Transportation Program [RSTP]) to *preserve* and *maintain* the existing local road system. As a result, only a portion of these funds would be available as a match for *new* projects.
- **Discretionary Federal Transit Funding.** Most of these funds have been committed to other projects and would not be available in the next five years. For example, the Bay Area Rapid Transit (BART) extension to the San Francisco airport is expected to use all New Rail Start funding for the San Francisco Bay Area through 2007.
- **Extending the STIP From Four Years to Seven Years.** This would make about \$2 billion available for additional programming, but would still fall substantially short of fully funding the plan. Our review found substantial variation in a county's ability to fully fund projects using future STIP revenues. While some counties could achieve full funding in two to four years, others would have to wait over ten years.



## Legislative Consideration Issue: Flexibility in Use of Funds

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### Plan Does Not Provide Any Flexibility in the Use of Funds

- It is not clear what flexibility local agencies have to redirect funds if a designated project does not have the necessary match, or cannot go forward due to other reasons (such as environmental clearance).



### Need for Flexibility in the Use of Funds

- **Recommendation:** The Legislature should provide flexibility for the use of the funds, including allowing:
  - Local/regional agencies to substitute a project in their jurisdiction with another project that is: (1) included in the 20-year Regional Transportation Plan and (2) can be objectively shown to achieve the plan's stated goals in a more timely and/or cost-effective manner than the original project.
  - Additionally, flexibility should be provided to allow RTPAs to eliminate certain projects in the plan in order to more fully fund the highest priority projects.



## Legislative Consideration Issue: Project Delivery

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- ☑ ***Plan's Success Depends on Project Delivery.*** The plan's ability to achieve its intended goals of congestion relief, increased connectivity and faster goods movement in a timely and cost-effective manner will also depend on how fast projects are constructed and provide services to the public. Inability to deliver projects would result in transportation goals not being achieved. Additionally, a significant fund balance would accumulate.
  
- ☑ ***Timely Project Delivery an Ongoing Problem.*** Caltrans and local agencies have had difficulty delivering the *current level* of transportation projects in the pipeline. Unless mechanisms are put in place to ensure timely project delivery, there is a great risk that the *new funds* will not be used expeditiously on projects.
  
- ☑ ***Is Staffing Adequate?*** Given the expansion of Caltrans' engineering staff in recent years, can Caltrans hire and train additional staff (about another 1,500 positions proposed for 2000-01) in a timely manner to deliver projects? Similarly, do local agencies or environmental review agencies have adequate staff?
  
- ☑ ***Project Planning.*** To what extent are projects planned sufficiently to be ready to begin environmental review? Inadequate preliminary planning and project scoping could result in delays and lengthy environmental reviews as well as project cost revisions.
  
- ☑ ***Recommendation: Provide Mechanisms to Ensure Timely Project Delivery.*** We recommend that the Legislature consider the following:



## Legislative Consideration Issue: Project Delivery

(Continued)

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- Most project delay occurs during the environmental review process. To the extent that the implementing legislation allows RTPA s to substitute projects, the Legislature should establish criteria that would give priority to projects that are likely to achieve goals of the plan while completing the environmental review process in a more timely manner.
- In order to prevent projects from languishing during the environmental review process, we recommend that the project sponsor be required to make consensus building among agencies responsible for reviewing the project a key element of the project development process. Additionally, project sponsors should be authorized to change a project's scope to reflect concerns raised during the environmental process, subject to approval by the CTC.



## Legislative Consideration

### Issue: Ongoing Costs Associated With Plan Projects

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***Plan Focuses on Capital Costs; Ongoing Costs Not Considered.*** The plan focuses on capital funding for projects, despite the large unfunded operating and maintenance needs identified in the SR 8 report prepared by CTC. Yet, many of the proposed projects—in particular, transit and rail projects—will result in ongoing costs that include maintenance, rehabilitation, as well as operating costs. The plan does not estimate the magnitude of these costs and whether funds will be available to pay for them.

- We identified only one mass transportation project that would receive more funds than needed to meet the capital funding requirements. This project, the high-speed ferry service between Oceanside and downtown San Diego, is proposed at \$10 million when it will likely require only \$4 million to \$5 million for capital costs. We assume the remaining funds are for operating assistance.



***Mass Transportation Projects Require Substantial Operating Funding.*** Most of the mass transportation projects contained in the Governor’s plan will result in ongoing operation and maintenance costs once the new project is delivered. We estimate that these aggregate ongoing costs will range between \$240 million to \$280 million per year. The majority of these additional operating costs will be funded by local and regional agencies. Examples of ongoing operating costs include:

- ***Extension of Bay Area Rapid Transit (BART)*** passenger rail service from Fremont to San Jose. Annual operating costs net of passenger revenues are estimated to be between \$14 million to \$22 million per year, depending on the length of the new extension.
- ***Sacramento Regional Transit*** estimates annual net operating costs for a proposed light rail extension to be about \$5.5 million annually once operations begin.



## Legislative Consideration Issue: Ongoing Costs Associated With Plan Projects

(Continued)

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- ***Once the Metro Blue Line*** light rail extension is complete, the Los Angeles County Metropolitan Transportation Authority (MTA) estimates net operating costs to be about \$24 million annually.
- ***The San Diego County Metropolitan Transit Development Board (MTDB)*** estimates that net operating costs for the proposed Mid-Coast passenger rail line to be about \$1.5 million per year.



## Legislative Consideration Issue: Coordination With Air Quality Proposals

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### **Plan Includes About \$310 Million for Air Quality Improvement Projects**

- ***Majority of Clean Air Funds for Public Transit Fleets.***

About \$235 million are proposed for the acquisition of new low emission, alternative fuel (LEAF) buses for public transit fleets.

- ***Remaining Funds Available to Both Public and Private Fleets.***

The remaining funds are proposed for the replacement of heavy diesel engines in the Central Valley not only in public transit bus fleets, but also in regional school buses, refuse trucks, and other public *and* private heavy vehicle fleets.



### **Clean Air Vehicle Proposals Do Not Meet Project Selection Criteria**

- According to local agencies, the proposed funds would replace older diesel buses. Therefore, these projects would not result in an expansion of transit service, and would not reduce congestion, improve connectivity, or enhance goods movement.



### **Legislature Considering Other Clean Air Initiatives**

- Both the Senate and Assembly are considering other initiatives to provide funds to replace heavy duty diesel engines in transit bus fleets, school buses, and agricultural and other off-road vehicles.



## Legislative Consideration Issue: Coordination With Air Quality Proposals

(Continued)

- **Senate**—To date, has provided \$158 million (GF) for several programs aimed at replacing or retrofitting diesel engines and alternative fueling infrastructure.
- **Assembly**—To date, has provided about \$65 million (GF) to replace or retrofit diesel school and public transit buses and for alternative fueling infrastructure.



***Recommendation: Clean Air Vehicle Proposals Should Be Coordinated.*** We recommend that the funding for replacement of diesel engines with alternative fuel vehicles be consolidated and funding of projects be based on consistent criteria.



## Legislative Consideration Issue: State Oversight

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**State Oversight Crucial for Successful Plan Implementation.** The Governor’s plan indicates that the California Transportation Commission (CTC) will be the primary state agency involved in the project review, approval, and allocation of state resources. However, at the time this analysis was prepared, the plan lacked any details on state oversight and implementation. The Legislature should consider the following oversight issues.



### **Project Review and Approval Process**

- **Alternatives Analyses?** Many projects in the plan have been selected before an analysis has been conducted to determine if it is the most cost-effective alternative. Will Caltrans and local agencies be required or allowed to conduct an alternatives analysis? If such an analysis demonstrates that another project in the same transportation corridor is more cost-effective, will CTC have the authority to amend the plan and allow local agencies to reprogram state funds to alternative projects?
- **Criteria for Evaluating and Funding Projects**
  - What criteria will be used to evaluate the readiness of local agencies to encumber state funds?
  - For what stages of project development—planning and design, environmental review, right-of-way acquisition, construction—will state funds be used?
  - What level of local matching funds will be required before state funds are allocated to local agencies?
  - Will local agencies have to demonstrate adequate ongoing funds to operate and maintain the project once it’s built?



# Legislative Consideration

## Issue: State Oversight

(Continued)



### Ongoing Program and Fiscal Oversight

- **Contingency Plans for Ailing Projects.** How will the state respond to projects that have fully expended the state funds provided under the plan but do not have adequate matching funds to complete the construction?
- **Consequences for Failed Projects.** If a project falls through (for instance, due to environmental review), will the state recoup state funds that have already been expended? What safeguards will be established to provide some assurance that state funds will be used appropriately?



**Recommendations—Report on Project Status.** We recommend that the Legislature require project sponsors to report to the CTC every six months on the status of projects that have encumbered state funds. In addition, the Legislature should direct CTC to report annually to the Legislature on the status of projects proposed in the Governor’s transportation plan. This report should include descriptions of the status of projects, regardless of whether they have encumbered state funds. If a project has been approved by CTC and has been allocated state funds, the annual report should indicate:

- Total estimated project cost.
- Amount of state funds allocated.
- Outstanding balance of state funds designated for the given project.
- Amount of local matching funds that have been identified.
- Remaining unfunded portion of the project.



## Summary of Recommendations

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### **Issue: Need for Ongoing Fund Source (page 18)**

- We recommend that the Legislature provide an additional on-going fund source:
  - First to sufficiently meet the state's ongoing maintenance needs in order to avoid accumulation of deferred maintenance
  - If additional resources are available, to build, operate and maintain *new* capacity—whether in the form of highway improvements or new transit service.



### **Issue: Plan Inconsistent with Current Decision-making Process (page 20)**

- We recommend that the Legislature determine its goals for additional funds for transportation in 2000-01.
  - To the extent that these goals are broad in nature and the Legislature seeks to fund the highest local priorities, we recommend that funds be allocated consistent with the STIP process. This will ensure that all counties benefit from additional funds for transportation and that funds are allocated in a manner consistent with local and regional top priorities.
  - To the extent that the goals are more narrow (such as congestion relief only), we recommend the enactment of legislation to establish 1) an application process which would require that project sponsors apply to the CTC for funding and 2) project evaluation criteria that CTC would use to assess projects for funding. Projects would then be evaluated according to their ability to achieve the stated goals in a cost-effective and timely manner.



## Summary of Recommendations (Continued)

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### Issue: Flexibility in Use of Funds (page 26)

- We recommend that the Legislature provide for flexibility with the use of funds, including allowing:
  - Local/regional agencies to substitute a project in their jurisdiction with another project that is: (1) included in the 20-year Regional Transportation Plan and (2) can be objectively shown to achieve the plan's stated goals in a more timely and/or cost-effective manner than the original project.
  - Additionally, flexibility should be provided to allow RTPAs to eliminate certain projects in the plan in order to more fully fund the highest priority projects.



### Issue: Project Delivery (page 27)

- We recommend that the Legislature establish criteria that would give priority to projects that are likely to achieve the goals of the plan while completing the environmental review process in a more timely manner.



### Issue: Coordination with Air Quality Proposals (page 31)

- We recommend that the funding for replacement of diesel engines with alternative fuel vehicles be consolidated and funding of projects be based on consistent criteria.



## Summary of Recommendations (Continued)

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### Issue: State Oversight (page 33)

- We recommend that the Legislature require project sponsors to report to the CTC every six months on the status of projects that have encumbered state funds. In addition, the Legislature should direct CTC to report annually to the Legislature on the status of projects proposed in the Governor's transportation plan. This report should include descriptions of the status of projects, regardless of whether they have encumbered state funds. If a project has been approved by CTC and has been allocated state funds, the annual report should indicate:
  - Total estimated project cost.
  - Amount of state funds allocated.
  - Outstanding balance of state funds designated for the given project.
  - Amount of local matching funds that have been identified.
  - Remaining unfunded portion of the project.